Company Update

October 5, 2009

Industrials/Austria

A-Tec

Buy

Price 04.10.09	10.56
Price target	14.00
Volatility risk	high
Year high/low	13.65/5.12
Currency	EUR
EUR/EUR	1.00
ADR rate	n.a.
Market capitalisation in EUR mn	281.7
Free float	26.6%
Free float in EUR mn	74.9
Avg. daily turnover (12 m) in EUR mn	0.4
Index	ATX
ISIN code	AT00000ATEC9
Bloomberg	ATEC AV
Reuters	ATEC.VI
Datastream	O:ATEC
www.a-tecindustries.com	

Source: Raiffeisen Centrobank

Transaction improves risk profile

We raise our recommendation for A-Tec from "hold" to "buy", increasing our 12-month target price from previously EUR 10.00 to EUR 14.00. The major reasons for upgrading the stock are (1) that we regard the placement of the convertible bond as positive for the company, as it improves A-Tec's capital structure and strengthens the liquidity, improving negotiation power for refinancing the EUR 90 mn bond which will mature in November 2010. (2) Restructuring charges should be lower than previously assumed, given that major measures were already taken in 1H 2009. (3) The market environment is stabilizing and we have raised our copper price assumption. (4) Despite substantially lower order intake, the order book in Plant Construction is still at a high level of EUR 2.4 bn. Once project financing conditions improve, some larger projects in the pipeline should advance. Still, investors need to be aware of the relatively high risk profile compared to peers in the industrials universe as A-Tec targets primarily distressed companies in its acquisition policy.

Outlook: On the Capital Market Day management said that it would most likely achieve an EBIT margin of 3.5% in 2009e, slightly raising its guidance from previously 3%. We have upped our EPS estimates for this year from EUR 1.15 to EUR 1.84, including the higher guidance and the one-off gain from the redemption of the outstanding convertible bond. We are slightly more optimistic on the operating performance in 2010e based on the implemented restructuring measures and the assumption of a better economic environment, resulting in EPS of EUR 0.46 (before EUR 0.07).

Valuation: The valuation, based on DCF and sum-of-the-parts, is supported by the higher estimates and the increased industry multiples. We derive a target price of EUR 14.00 and raise our recommendation from "hold" to "buy". As the conversion price of the new convertible (EUR 14.76) maturing in 2014 is close to our 12-month price target we assume full conversion and thus dilution in our target price calculation.

Key ratios

EUR	12/2007	12/2008	12/2009e	12/2010e	12/2011e
EPS reported	1.05	-1.31	1.84	0.46	1.09
PE reported	21.7	-5.1	5.8	23.3	9.8
Adjusted EPS diluted	0.97	-1.16	0.81	0.60	1.07
Adjusted PE diluted	11.4	-6.9	13.2	17.7	10.0
Operating cash flow per share	3.20	-2.21	4.09	2.62	2.90
Price cash flow	7.1	-3.0	2.6	4.1	3.7
Book value per share	13.75	10.71	13.39	13.85	14.94
Price book value	1.7	0.6	0.8	0.8	0.7
Dividend per share	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
EV/adjusted EBITDA	6.9	5.5	2.9	3.6	2.9

Source: A-Tec, Raiffeisen Centrobank estimates

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Share price triggers

Trigger	Momentum	Explanation
Copper prices	Positive	▪ 27% of sales (2008) are related to A-Tec's copper segment Minerals & Metals ▪ Copper price movements affect the segment's sales as well as earnings due to inventory valuation effects ▪ The copper price achieved a relatively high level again supporting A-Tec's sales development. Although some seasonal weakening could occur in 4Q we believe in a copper price around current levels in the medium term
Capital structure	Positive	▪ Since the high gearing in 2007 of 142% A-Tec gradually managed to improve its financial structure, although gearing at around 80% (2Q 09 report) is still relatively high given the interest burden and the rather low EBIT ▪ The recent issue of the convertible in our view strengthens A-Tec's capital structure
Order intake	Negative	▪ Due to the longer order throughput times (approx. 1 to 1.5 years) the order intake is a good indicator of future revenue. We do not expect a strong recovery for 3Q results ▪ 2008 was still marked by several large orders in Plant Construction, thus 2009e is unlikely to exceed this, as several projects are currently being delayed ▪ Large individual orders could be a positive trigger
Restructuring	Neutral	▪ A-Tec is currently engaged in restructuring measures, especially in its Drive Technology segment (ATB) ▪ According to management a large part of restructuring has already been finished successfully. Therefore we expect only a small additional burden for 2H 2009 (approx. EUR 8 mn)

Source: Raiffeisen Centrobank

Take-aways from the Capital Market Day

Rather positive news-flow from CMDs

With the closing of the convertible bond transaction (see below), which will improve A-Tec's capital structure and subsequently support negotiations for the refinancing of the 2010 straight bond (EUR 90 mn), we see A-Tec's risk profile improved. The news-flow from the Capital Market Day was in general positive in our view.

CMDs with impressive site visits at DST and Schorch

On September 24, A-Tec held its Capital Market Day in Mönchengladbach, Germany, as several of its subsidiaries have their headquarters or production sites in this area (Dörries Scharmann, Schorr, Lentjes). We made site visits to Dörries Scharmann, the producer of specialized machine tools, and Schorch, the largest company within A-Tec's project motors business. Both companies demonstrated credible organic growth prospects and due to their specialisation they feel little impact from the economic crisis. The companies are clearly among the strongest performing subsidiaries within A-Tec, besides AE&E, and both companies have EBIT margins of approx. 10%.

Guidance lifted slightly:
EUR 3.1 bn in sales (from EUR 3bn)
EBIT margin of 3.5% (from 3%)

A-Tec's CEO lifted the guidance for the FY 2009 slightly, now expecting sales of EUR 3.1 bn (up from EUR 3 bn) and an EBIT margin of 3.5% (up from 3.0%), which implies that we can slightly raise our estimates. In terms of restructuring Mr. Kovats said that the majority was done, especially concerning ATB.

Focus on improving internal structures and transparency

A-Tec's CFO Christian Schroetter outlined his focus of imposing a clear structure throughout the company regarding working capital management, cash pooling and risk management rendering the company more transparent. We welcome these efforts as we believe that they will make the share more attractive to investors. The strong external growth of the last few years still gives room for improving these structures.

Convertible bond placement

EUR 110 mn in convertible bond placed successfully

On the day of the Capital Market Day A-Tec announced the closing of a convertible bond placement with the following features:
Volume: EUR 110 mn + greenshoe of EUR 10 mn (not yet exercised)
Coupon: 8.75% p.a.
Conversion price: EUR 14.76
Conversion premium at issue: > 25%
Maturity: October 27, 2014
An EGM will be held on October 19 to obtain all additional approvals to attach the conversion right to the bond. Until then the company will be able to choose whether conversions will be paid in cash or by the issue of new shares.

Use of proceeds: partly redeeming outstanding convertible

With the proceeds A-Tec redeemed parts of its outstanding convertible (coupon 2.75%, maturity in 2014 and a conversion price of EUR 56.25) with a par value of EUR 87.56 mn for a price of EUR 58.37 mn. In this way A-Tec generates a financial book gain of approx. EUR 29 mn before taxes. The remaining proceeds (EUR 50 mn excl. greenshoe) will be used for general business purposes and the company did not want to be more specific on that. Several convertible bond holders still announced interest in tendering their holdings to A-Tec, thus a portion of the proceeds might still be used for the purpose mentioned above.

We rate the transaction as positive

In our view the transaction makes sense from an economic point of view (NPV) as the benefit of a EUR 29 mn book gain outweighs the additional interest burden of 6% p.a. until 2014. The remaining proceeds should be used as part of a solution to refinance the straight bond maturing in November 2010, as an outstanding volume of approx. EUR 90 mn needs to be redeemed by then. Overall the transaction will strengthen A-Tec's equity capital. We expect an immediate effect of approx. EUR 22 mn from the income statement (book gain) and a net effect from the equity portion of the convertible of EUR 8 mn. Furthermore the threat of dilution from the conversion also implies a potential improvement in A-Tec's equity capital.

Including transaction effects into our model

We included proceeds of EUR 120 mn in our model, assuming the full exercise of the green-shoe, with EUR 20 mn booked in equity, and EUR 100 mn booked as long-term debt. We also tried to capture the effect of the reduced convertible bond, including pre-tax book gains of EUR 29 mn. The reported figures might still deviate, given several uncertainties in terms of accounting effects.

Planning Model

Plant Construction

Order intake was again weak in 2Q and management said that previously expected projects for 2H would rather materialize in 1H 2010. Thus, we see order intake falling by around 65% yoy in 2009e, after 2008 saw a high number of large orders booked. Given the high order book level of EUR 2.4 bn we have hardly changed our sales estimates for the coming year, expecting a slight weakening only. As customers have improved their bargaining power we forecast margins to decline in the coming years, although Siemens recently stated that pricing was surprisingly stable so far.

Drive Technology

Profitability was better than we had anticipated in 1H, even when excluding the EUR 3 mn stemming from a waiver of receivables. We have upped our forecast for 2010e order intake and sales as the economic environment seems to be stabilizing. For Project Motors we stick to our assumption of a relatively stable top-line development with slightly rising pressure on pricing and thus falling margins, but improving profits in Industrial Motors through the restructuring measures already taken. Given statements from management we reduce our assumption of restructuring charges in the amount of EUR 10 mn to EUR 3 mn for 2H 2009e.

Machine Tools

The German Machine Tool Association projects a demand decline for Germany of -40% for 2009, although the bottom has most likely been reached. EMCO is heavily affected and we factor in a sales decline of 35%. Dörries Scharmann operates in more resilient end markets and we do not reckon with a decline in sales (approx. 60% of sales).

Minerals & Metals

For the Minerals & Metals division we plan for a copper price of USD 5,500 (USD 6,000 in the short run), up from our previous copper price assumption of USD 4,800. This increases our sales projections for the segment. Given more favourable discounts granted by scrap sellers we have also raised our EBIT estimates slightly.

Planning model

Order intake	***2008***	***2009e***	***+/- %***	***2010e***	***+/- %***	***2011e***	***+/- %***
Plant Construction	2,534.2	887.0	-65.0%	1,286.1	45.0%	1,543.3	20.0%
Machine tools	404.9	275.6	-31.9%	289.4	5.0%	298.1	3.0%
Drive Technology	404.6	299.4	-26.0%	316.2	5.6%	326.4	3.2%
Sales	***2008***	***2009e***	***+/- %***	***2010e***	***+/- %***	***2011e***	***+/- %***
Plant Construction	1,631.1	1,779.5	9.1%	1,581.9	-11.1%	1,659.2	4.9%
Machine tools	370.1	316.8	-14.4%	316.8	0.0%	327.6	3.4%
Drive Technology	392.4	309.4	-21.1%	302.0	-2.4%	310.1	2.7%
Minerals & Metals	864.9	598.1	-30.8%	645.0	7.8%	683.0	5.9%
A-Tec Group	3256.87	3003.8	-7.8%	2845.7	-5.3%	2979.9	4.7%
EBIT	***2008***	***2009e***	***+/- %***	***2010e***	***+/- %***	***2011e***	***+/- %***
Plant Construction	68.2	62.0	-9.0%	45.4	-26.9%	57.5	26.8%
Machine tools	29.7	13.1	-55.8%	12.6	-3.8%	16.4	30.1%
Drive Technology	-2.9	1.2	-140.2%	2.1	85.4%	9.0	320.7%
Minerals & Metals	-57.7	36.0	-162.3%	17.9	-50.4%	18.6	4.5%
A-Tec Group	19.3	108.8		74.5		98.1	
EBIT margin	***2008***	***2009e***	***+/- %***	***2010e***	***+/- %***	***2011e***	***+/- %***
Plant Construction	4.2%	3.5%		2.9%		3.5%	
Machine tools	8.0%	4.1%		4.0%		5.0%	
Drive Technology	-0.7%	0.4%		0.7%		2.9%	
Minerals & Metals	-6.7%	6.0%		2.8%		2.7%	
A-Tec Group	0.6%	3.6%		2.6%		3.3%	

Source: A-Tec, Raiffeisen Centrobank estimates

More optimistic on sales and margin development

The major changes to our model result from an increased sales estimate from the Minerals & Metals division and a smaller decrease in margins for 2010e based on the assumption that management already took necessary steps to improve the company's cost structure. The financial result includes the EUR 29 mn book gain from the convertible transaction, but also higher interest charges for 2010e and 2011e.

Changes to forecast

	old			new			
in EUR mn	***2009e***	***2010e***	***2011e***	***2009e***	***2010e***	***2011e***	***Comment***
Sales	2,893.3	2,700.2	2,757.1	3,003.8	2,845.7	2,979.9	Higher copper price, economic stabilization
EBITDA	146.6	102.3	122.6	158.2	124.8	149.8	
EBITDA margin	5.1%	3.8%	4.4%	5.3%	4.4%	5.0%	
EBIT	96.3	50.5	69.4	108.7	74.5	98.1	Positive effect from capacity adjustments
EBIT margin	3.3%	1.9%	2.5%	3.6%	2.6%	3.3%	Increased 2009 guidance, lower restructuring charges
EBT	48.5	4.0	23.4	81.6	18.5	42.4	Includes book gain from convertible transaction
Net profit a.m.	30.3	1.9	15.5	48.7	12.1	28.8	
Basic EPS	1.15	0.07	0.59	1.84	0.46	1.09	
Diluted EPS adj.	0.91	0.07	0.53	0.81	0.60	1.07	Dilutive effect from both outstanding convertibles
DPS	0.00	0.00	0.00	0.00	0.00	0.00	Dividend distribution restricted due to low equity ratio

Source: Raiffeisen Centrobank estimates

Risks to our planning model

(1) A-Tec has grown relatively fast over the past few years due to its corporate strategy of mainly acquiring distressed companies and create value through successful restructuring. Therefore we see risks in the successful integration and restructuring of several group companies. The A-Tec holding issued guarantees for struggling subsidiaries which could result in necessary support payments. (2) Although refinancing for the bond, maturing in November 2010, has become more likely, successful negotiations with banks are still necessary to ensure A-Tec's future development. The gearing ratio of the company is still relatively high. (3) Furthermore the company faces the typical risks inherent to its rather cyclical business: a worse than expected macroeconomic development, cost overruns in the project business of plant construction and another strong decline in copper prices.

2Q 2009 results

Low order intake and high tax charge

A-Tec published relatively weak 2Q results on August 18. Order intake was clearly the most disappointing factor as especially the Plant Construction segment, which is the major profitability contributor, posted orders of only EUR 117.8 mn, substantially below last year's level of EUR 414.7 mn as no large individual orders were included. Sales of EUR 771.1 mn came in above our estimate of EUR 734.1 mn given the still high order backlog in Plant Construction. In terms of EBIT the results are more in-line with our forecast, but a further negative surprise was the 60.4% tax burden. This stemmed primarily from Drive Technology and DST and is most likely a one-off item. But it is still the reason why net profit of EUR 8.2 mn clearly missed our forecast of EUR 12.5 mn. A positive point was a rather solid cash generation from operating activities which amounted to EUR 34.5 mn vs. EUR -124.6 mn last year. The net debt ratio slightly increased from the 1Q level of 73.9% to 85.5%

Segmental performance

Besides Plant Construction we saw an order intake drop also in the other divisions (as expected), as especially EMCO in the Machine Tools segment and Industrial Motors are severely impacted by demand declines. Profitability in Drive Technology was surprisingly strong at EBIT of EUR 2.7 mn (our est. EUR -1.3 mn), while the positive inventory effect in Minerals & Metals was less pronounced than projected (EBIT margin of 7.4% vs. est. of 10.4%).

A-Tec 2Q 2009 results

in EUR mn	2Q 08	2Q 09	+/-	RCB est.	+/-
Order intake	790.5	302.5	-61.7%	424.0	-28.7%
Order backlog	2,530.4	2,710.2	7.1%	2,904.1	-6.7%
Sales	841.0	771.1	-8.3%	734.1	5.0%
EBITDA	40.2	43.7	8.7%	42.7	2.4%
EBITDA margin	4.8%	5.7%		5.8%	
EBIT	27.2	31.1	14.3%	29.8	4.4%
EBIT margin	3.2%	4.0%		4.1%	
EBT	29.1	21.1	-27.6%	19.8	6.2%
Net profit a.m.	21.2	8.20	-61.4%	12.5	-34.3%
Basic EPS	0.82	0.32	-60.9%	0.47	-32.3%

Source: A-Tec, Raiffeisen Centrobank estimates

Valuation

Raising A-Tec from "hold" to "buy", TP EUR 14.00

We raise our recommendation for A-Tec from "hold" to "buy", increasing our 12-month target price from previously EUR 10.00 to EUR 14.00. We see that A-Tec's risk profile has improved recently, primarily due to the economic stabilization and the convertible bond transaction, which enhanced A-Tec's capital structure and liquidity position. Nevertheless, we still classify A-Tec's share as a high-risk investment and investors should be aware of this. The generally higher valuation multiples and a higher risk appetite of investors confirm us in our view.

Convertible issue was reason for strong share price losses

The share price reacted strongly to the announcement of the convertible bond. We see the major reason in the priced-in dilution as the number of shares outstanding would rise by over 30% if conversion took place. A negative signalling effect as well as possible hedging structures of convertible bond investors could have also played a role. But as discussed above we regard the transaction as positive for the company as it improves A-Tec's liquidity position and capital structure. This brings a good argument for the refinancing of the EUR 100 mn bond next November, which is a major concern to us.

We adjust our price target for the dilutive factor of the recent transaction

As we see a relatively high chance of dilution from the recently issued convertible bond we use an adjusted number of shares outstanding to derive our fair value: to the current number of 26.4 mn shares outstanding we add the additional 8.13 mn from the convertible (conversion price is EUR 14.76), but exclude the potential dilutive impact from the previous convertible as the conversion price stands at EUR 56.25 and we see little threat of dilution from this bond.

Valuation support comes from increased industry multiples

Our DCF value yields a fair value per share of EUR 13.50, already taking into account the dilutive effect mentioned above. We have slightly reduced our equity beta from 1.5 to 1.4 based on the improved risk profile. Our sum-of-the-parts model yields a clearly increased fair value of EUR 14.90. Besides our raised estimates our valuation is supported by the higher industry multiples in the industrials universe as confidence in an economic stabilization is rising. For the valuation of the segments we used the median EV/EBITDA multiples from A-Tec's peers, only for Drive Technology we opted for a lower multiple to reflect the more difficult situation in Industrial Motors.

Sum-of-the-parts valuation

Segments	EBITDA 2011e (in EUR mn)	RCB comment	EBITDA multiple	Enterprise value
Plant Construction	68.0	2011e as normalized earnings year	6.1	415.8
Drive Technology	24.0		5.7	137.4
Machine Tools	31.1		5.8	180.4
Minerals & Metals	30.1		5.3	159.1
Enterprise Value				**892.7**
- Discounted holding costs		Annual costs of holding level, discounted at TV WACC		31.9
+ MV of non-operating assets				8.2
- MV minorities				4.3
- Net debt 2011e				151.3
- Interest on pension provision		Interest expenses discounted at TV WACC		68.5
Fair value of equtiy				**644.8**
Adj. number of shares oustanding		Including dilutive factor from recent convertible		34.5
Fair value/share				**18.7**
Discount				20%
Price target				**14.9**

Source: Raiffeisen Centrobank estimates

Company strategy still high risk, but risk profile improved

We stick to our 20% discount to account for the relatively high risk of A-Tec's corporate structure and company strategy of acquiring mostly distressed companies and restructure them. After our meeting with management at CMDs we reduced our planned restructuring charges.

Peer group comparison

	PER			EV/EBITDA			EV/EBIT		
Plant construction	**2009e**	**2010e**	**2011e**	**2009e**	**2010e**	**2011e**	**2009e**	**2010e**	**2011e**
Andritz	21.3	16.0	13.2	7.2	5.9	4.8	9.1	7.9	6.3
Siemens	12.7	13.4	11.1	7.6	7.9	6.7	10.9	11.6	9.5
Alstom	11.4	12.6	13.1	5.8	6.2	6.1	7.3	8.0	7.9
Foster Wheeler	10.6	11.9	11.1	6.1	5.5	4.6	6.5	5.9	4.8
Segment median	**12.0**	**13.0**	**12.1**	**6.7**	**6.0**	**5.5**	**8.2**	**8.0**	**7.1**
Segment mean	**14.0**	**13.5**	**12.1**	**6.7**	**6.4**	**5.6**	**8.4**	**8.4**	**7.1**
Machine Tools									
Gildemeister	52.3	23.0	14.3	9.0	7.4	5.8	16.2	11.8	8.1
Segment median	**52.3**	**23.0**	**14.3**	**9.0**	**7.4**	**5.8**	**16.2**	**11.8**	**8.1**
Segment mean	**52.3**	**23.0**	**14.3**	**9.0**	**7.4**	**5.8**	**16.2**	**11.8**	**8.1**
Drive Technology									
ABB	18.1	20.1	16.9	9.5	10.2	8.5	11.3	12.6	10.3
Regal Beloit	21.2	17.5	13.9	9.3	7.6	n.a.	14.1	10.2	n.a.
Emerson Electric	17.8	19.4	16.6	9.2	9.9	9.3	11.7	12.6	11.0
Siemens	12.7	13.4	11.1	7.6	7.9	6.7	10.9	11.6	9.5
Segment median	**17.9**	**18.5**	**15.2**	**9.3**	**8.9**	**8.5**	**11.5**	**12.1**	**10.3**
Segment mean	**17.4**	**17.6**	**14.6**	**8.9**	**8.9**	**8.2**	**12.0**	**11.8**	**10.3**
Minerals & Metals									
Aurubis	145.8	12.0	8.9	11.2	6.7	5.6	33.0	10.5	8.0
KGHM	7.4	8.9	7.5	4.7	5.4	5.0	5.6	6.5	6.3
Segment median	**76.6**	**10.5**	**8.2**	**7.9**	**6.1**	**5.3**	**19.3**	**8.5**	**7.2**
Segment mean	**76.6**	**10.5**	**8.2**	**7.9**	**6.1**	**5.3**	**19.3**	**8.5**	**7.2**
Median	**17.9**	**14.7**	**13.1**	**8.3**	**7.1**	**5.8**	**11.1**	**10.4**	**8.0**
Mean	**33.4**	**15.0**	**12.2**	**7.8**	**6.9**	**6.0**	**12.7**	**9.5**	**7.8**
A-Tec	**5.8**	**23.3**	**9.8**	**2.9**	**3.6**	**2.9**	**4.3**	**6.0**	**4.4**

Source: Datastream, Raiffeisen Centrobank estimates

DCF valuation

FCF projection (EUR mn)	2009e	2010e	2011e	2012e	2013e	2014e	TV CF
NOPLAT	76.1	52.1	68.7	79.6	92.6	95.1	88.5
Adj. NOPLAT	68.6	44.6	61.2	72.1	85.1	87.6	81.0
Depreciation of PPE & intangibles	49.5	50.3	51.7	53.5	53.7	53.9	54.5
Gross investment in PPE & intangibles	-47.0	-50.0	-60.0	-60.0	-60.0	-60.0	-58.8
Change in working capital	9.0	5.9	-5.0	1.6	1.6	1.7	1.4
NWC/Sales	-2.6%	-3.0%	-2.7%	-2.7%	-2.7%	-2.7%	-2.7%
Change in LT provisions other than tax	0.0	0.0	0.0				
Net acquisitions & disposals	0.0	0.0	0.0	0.0	0.0	0.0	
Free cash flow to firm	80.1	50.8	47.9	67.2	80.5	83.2	78.1
Adj. free cash flow to firm	**80.1**	**50.8**	**47.9**	**67.2**	**80.5**	**83.2**	**78.1**
EV DCF, mid-year assumption		**735.5**	**754.7**				
MV of non-operating assets		8.6	8.4				
MV of net debt		186.9	167.8				
MV of minorities		3.3	3.9				
Adjustments to EV		0.0	0.0				
Fair value of equity		**553.8**	591.4				
Shares outstanding (mn)		34.5	34.5				
Price target per share per 01/01 (in EUR)		**16.0**	**17.1**				

Value drivers	2009e	2010e	2011e	2012e	2013e	2014e	TV CF
Consolidated sales yoy	-7.8%	-5.3%	4.7%	2.0%	2.0%	2.0%	1.5%
EBITDA margin	5.3%	4.4%	5.0%	5.5%	6.0%	6.0%	5.5%
Rate of taxes paid	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%
Working capital/sales	-2.6%	-3.0%	-2.7%	-2.7%	-2.7%	-2.7%	-2.7%
Capex/depreciation	94.9%	99.4%	116.1%	112.1%	111.7%	111.3%	107.8%
Free cash flow margin	2.7%	1.8%	1.6%	2.2%	2.6%	2.6%	2.4%

WACC	2009e	2010e	2011e	2012e	2013e	2014e	TV CF
Target capital structure (at MV)	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Debt/equity ratio (at MV)	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%
Risk free rate (local)	1.1%	2.3%	4.5%	5.0%	5.0%	4.9%	4.5%
Equity market premium	5.5%	5.5%	5.0%	5.0%	5.0%	5.0%	5.0%
Levered beta	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Cost of equity	8.8%	10.0%	11.5%	12.0%	12.0%	11.9%	11.5%
Cost of debt	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Tax rate	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%
WACC	**8.5%**	**9.6%**	**11.0%**	**11.4%**	**11.4%**	**11.3%**	**11.0%**

Sensitivity analysis

Growth sensitivity (EUR)			Terminal growth rate				
WACC	0.0%	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%
9.5%	18.5	19.3	20.3	21.4	22.6	24.0	25.6
10.0%	17.2	18.0	18.8	19.8	20.8	22.0	23.4
10.5%	16.1	16.8	17.6	18.4	19.3	20.3	21.5
11.0%	15.2	15.8	16.4	**17.1**	17.9	18.8	19.8
11.5%	14.3	14.8	15.4	16.0	16.7	17.5	18.4
12.0%	13.4	13.9	14.4	15.0	15.6	16.3	17.1
12.5%	12.7	13.1	13.6	14.1	14.6	15.2	15.9

Margin sensitivity (EUR)			FCF margin TV				
WACC	0.9%	1.4%	1.9%	2.4%	2.9%	3.4%	3.9%
9.5%	10.7	14.2	17.8	21.4	24.9	28.5	32.0
10.0%	10.0	13.3	16.5	19.8	23.0	26.3	29.6
10.5%	9.4	12.4	15.4	18.4	21.4	24.4	27.4
11.0%	8.8	11.6	14.4	**17.1**	19.9	22.6	25.4
11.5%	8.3	10.9	13.4	16.0	18.6	21.1	23.7
12.0%	7.9	10.3	12.6	15.0	17.3	19.7	22.1
12.5%	7.5	9.7	11.9	14.1	16.3	18.5	20.7

Source: Raiffeisen Centrobank estimates

Financial statements (IFRS)

Income statement (EUR mn)	*12/2006*	*12/2007*	*12/2008*	*12/2009e*	*12/2010e*	*12/2011e*
Consolidated sales	**1,594.4**	**2,361.0**	**3,256.9**	**3,003.8**	**2,845.7**	**2,979.9**
Changes in inventories	19.9	17.6	-52.6	0.0	0.0	0.0
Own work capitalised	12.7	11.8	11.0	10.2	10.0	10.0
Other operating income	27.7	72.0	57.4	31.0	28.6	29.9
Total revenues	**1,654.6**	**2,462.4**	**3,272.7**	**3,045.1**	**2,884.2**	**3,019.8**
Material costs	-1,095.2	-1,727.4	-2,399.2	-2,073.6	-1,956.1	-2,048.1
Personnel expenses	-279.6	-364.6	-501.9	-527.5	-529.2	-552.8
Other operating expenses	-154.7	-204.0	-294.4	-285.7	-274.1	-269.1
EBITDA	**125.2**	**166.3**	**77.3**	**158.2**	**124.8**	**149.8**
Depreciation of PPE and intangibles	-33.2	-44.0	-51.8	-49.5	-50.3	-51.7
EBITA	**92.0**	**122.3**	**25.4**	**108.7**	**74.5**	**98.1**
Amortisation, impairment of goodwill	0.0	-29.0	-6.0	0.0	0.0	0.0
EBIT	**92.0**	**93.3**	**19.4**	**108.7**	**74.5**	**98.1**
Investment income	-1.8	-2.1	8.5	-0.2	-0.2	-0.2
Net interest income	-18.5	-45.8	-50.1	-56.0	-55.7	-55.4
Other financial result	6.2	3.8	9.9	29.0	0.0	0.0
Financial result	**-14.1**	**-44.1**	**-31.7**	**-27.2**	**-55.9**	**-55.6**
Earnings before taxes	**77.9**	**49.2**	**-12.3**	**81.6**	**18.5**	**42.4**
Taxes on income	9.0	-4.1	-14.4	-31.7	-5.6	-12.7
Extraordinary result	-7.3	-17.4	-6.9	-0.2	0.0	0.0
Net profit before minorities	**79.6**	**27.7**	**-33.7**	**49.6**	**13.0**	**29.7**
Minority interests	0.0	0.0	-0.2	-0.9	-0.9	-0.9
Net profit after minorities	**79.6**	**27.7**	**-33.9**	**48.7**	**12.1**	**28.8**

Balance sheet (EUR mn)	*12/2006*	*12/2007*	*12/2008*	*12/2009e*	*12/2010e*	*12/2011e*
Current assets	**960.5**	**2,068.4**	**1,887.3**	**1,877.1**	**1,827.5**	**1,902.3**
Liquid funds	311.0	399.7	446.7	552.3	571.4	587.9
Receivables	410.3	981.4	1,140.9	1,051.3	996.0	1,043.0
Inventories	210.5	334.0	263.1	255.3	241.9	253.3
Other assets	28.7	353.2	36.6	18.2	18.2	18.2
Fixed assets	**551.9**	**776.9**	**810.2**	**807.7**	**807.4**	**815.7**
Property, plant & equipment	281.2	468.1	518.1	524.1	525.6	537.1
Intangible assets	93.6	94.8	95.2	86.6	84.8	81.6
Goodwill	161.4	195.8	177.3	177.3	177.3	177.3
Financial assets	15.6	18.2	19.5	19.5	19.5	19.5
Deferred tax assets	**53.4**	**55.1**	**54.6**	**54.6**	**54.6**	**54.6**
Total assets	**1,565.9**	**2,900.4**	**2,752.0**	**2,739.4**	**2,689.4**	**2,772.5**
Current liabilities	**825.2**	**1,718.1**	**1,820.1**	**1,644.4**	**1,581.4**	**1,634.9**
Long-term liabilities	**403.4**	**729.9**	**570.1**	**654.4**	**654.4**	**654.4**
Shareholders' equity	**298.6**	**363.1**	**282.7**	**353.5**	**365.5**	**394.4**
Minority interests	**19.4**	**7.7**	**3.3**	**4.2**	**5.1**	**6.0**
Deferred tax liabilities	**19.3**	**56.1**	**50.1**	**50.1**	**50.1**	**50.1**
Total liabilities	**1,565.9**	**2,900.4**	**2,752.0**	**2,739.4**	**2,689.4**	**2,772.5**

Cash flow statement (EUR mn)	*12/2006*	*12/2007*	*12/2008*	*12/2009e*	*12/2010e*	*12/2011e*
Earnings before taxes	**78.6**	**49.2**	**-12.3**	**81.6**	**18.5**	**42.4**
Taxes paid	-4.9	-13.5	-9.3	-31.7	-5.6	-12.7
Amortisation and depreciation	31.9	72.9	57.9	49.5	50.3	51.7
Other non-cash items	-16.1	-61.0	-9.3	-0.2	0.0	0.0
Cash flow from result	**89.5**	**47.6**	**27.0**	**99.1**	**63.3**	**81.4**
Change in working capital	290.2	37.0	-84.3	9.0	5.9	-5.0
Operating cash flow	**379.7**	**84.6**	**-57.4**	**108.1**	**69.1**	**76.4**
Capex PPE and intangible assets	-50.4	-72.4	-126.0	-47.0	-50.0	-60.0
Acquisitions	-18.2	19.6	-32.7	0.0	0.0	0.0
Disposal of fixed assets (total)	18.5	7.9	371.3	0.0	0.0	0.0
Other items (investments)	-4.6	-351.8	-6.4	0.0	0.0	0.0
Investing cash flow	**-54.7**	**-396.7**	**206.1**	**-47.0**	**-50.0**	**-60.0**
Dividend payments	-0.7	-19.8	-0.1	0.0	0.0	0.0
Other changes in equity	118.0	-10.5	-23.0	22.0	0.0	0.0
Change in interest-bearing financial assets	70.4	-7.9	-68.3	0.0	0.0	0.0
Other items	-427.5	-146.3	229.1	7.2	0.0	0.0
Change in NIBD	**85.2**	**-496.7**	**286.4**	**90.4**	**19.1**	**16.4**

Source: A-Tec, Raiffeisen Centrobank estimates

Financial ratios

Changes yoy	12/2006	12/2007	12/2008	12/2009e	12/2010e	12/2011e
Consolidated sales yoy	n.a.	48.1%	37.9%	-7.8%	-5.3%	4.7%
EBITDA yoy	n.a.	32.8%	-53.5%	104.8%	-21.1%	20.0%
EBITA yoy	n.a.	32.9%	-79.2%	327.5%	-31.5%	31.7%
EBIT yoy	n.a.	1.4%	-79.2%	460.4%	-31.5%	31.7%
EBT yoy	n.a.	-36.8%	-125.0%	-762.3%	-77.3%	128.9%
Net profit after minorities yoy	n.a.	-65.2%	-222.4%	-243.7%	-75.2%	138.5%

Margins	12/2006	12/2007	12/2008	12/2009e	12/2010e	12/2011e
Material costs margin	-68.7%	-73.2%	-73.7%	-69.0%	-68.7%	-68.7%
EBITDA margin	7.9%	7.0%	2.4%	5.3%	4.4%	5.0%
EBITA margin	5.8%	5.2%	0.8%	3.6%	2.6%	3.3%
EBIT margin	5.8%	4.0%	0.6%	3.6%	2.6%	3.3%
EBT margin	4.9%	2.1%	-0.4%	2.7%	0.7%	1.4%
Net margin	5.0%	1.2%	-1.0%	1.6%	0.4%	1.0%

Balance sheet (EUR mn)	12/2006	12/2007	12/2008	12/2009e	12/2010e	12/2011e
Net working capital	-66.3	327.7	-70.5	-79.6	-85.4	-80.4
Net interest-bearing debt	66.9	563.6	277.3	186.9	167.8	151.3
Capital employed	695.9	1,334.2	1,020.8	1,107.7	1,120.6	1,150.4
Market capitalisation	676.5	601.3	175.0	281.7	281.7	281.7
Enterprise value	752.6	1,146.2	426.1	463.4	445.0	429.1

Financing (x)	12/2006	12/2007	12/2008	12/2009e	12/2010e	12/2011e
Interest cover	5.2	3.1	1.4	2.5	2.0	2.3
Internal financing ratio	8.4	1.2	-0.5	2.3	1.4	1.3
Net gearing	21.0%	152.0%	96.9%	52.3%	45.3%	37.8%
Quick ratio	0.9	1.0	0.9	1.0	1.0	1.0
Fixed assets cover	1.3	1.4	1.1	1.3	1.3	1.3
Capex / depreciation	1.5	1.6	2.4	0.9	1.0	1.2
Equity ratio	20.3%	12.8%	10.4%	13.1%	13.8%	14.4%

Profitability	12/2006	12/2007	12/2008	12/2009e	12/2010e	12/2011e
Return on assets	13.3%	3.6%	7.6%	3.4%	2.3%	2.9%
Return on equity	45.1%	8.4%	-10.5%	15.3%	3.4%	7.6%
Return on capital employed	28.8%	8.0%	18.3%	8.7%	5.6%	7.0%

Per share data (EUR)	12/2006	12/2007	12/2008	12/2009e	12/2010e	12/2011e
Weighted avg. no. of shares (mn)	26.4	26.4	26.0	26.4	26.4	26.4
EPS reported	3.01	1.05	-1.31	1.84	0.46	1.09
EPS pre-goodwill	3.01	2.15	-1.07	1.84	0.46	1.09
Adjusted EPS diluted	2.80	1.99	-0.96	0.81	0.60	1.07
Operating cash flow per share	14.38	3.20	-2.21	4.09	2.62	2.90
Book value per share	11.31	13.75	10.71	13.39	13.85	14.94
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Valuation (x)	12/2006	12/2007	12/2008	12/2009e	12/2010e	12/2011e
PE reported	8.5	21.7	-5.1	5.8	23.3	9.8
PE pre-goodwill	8.5	10.6	-6.2	5.8	23.3	9.8
Adjusted PE diluted	9.2	11.4	-6.9	13.2	17.7	10.0
Price cash flow	1.8	7.1	-3.0	2.6	4.1	3.7
Price book value	2.3	1.7	0.6	0.8	0.8	0.7
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Free cash flow yield	48.0%	2.1%	-102.4%	21.4%	6.7%	5.8%
EV/sales	0.5	0.5	0.1	0.2	0.2	0.1
EV/EBITDA	6.0	6.9	5.5	2.9	3.6	2.9
EV/EBIT	8.2	12.3	22.0	4.3	6.0	4.4
EV/operating cash flow	2.0	13.6	-7.4	4.3	6.4	5.6
Adjusted EV/CE	1.5	1.2	0.9	0.9	0.9	0.9
Adjusted EV/CE vs. ROCE/WACC				0.9	1.6	1.4

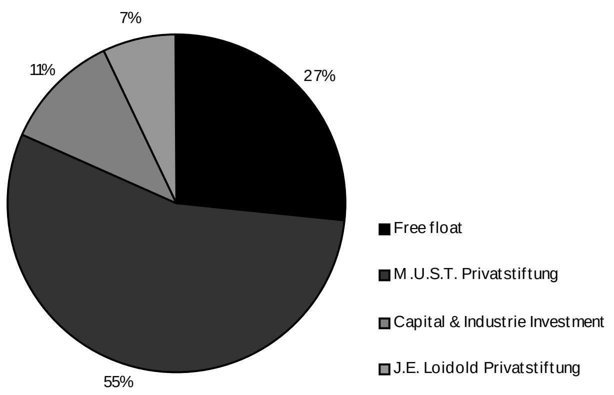
Source: A-Tec, Raiffeisen Centrobank estimates

Fact Sheet

Company description

A-Tec Industries AG is an Austria-based industrial conglomerate, which comprises four large segments in differing industries: Plant Construction is the largest segment with a sales share of approx. 50%. It largely comprises the business of Austrian Energy & Environment where the company designs and erects turn-key plants and components for thermal energy generation and environmental systems (energy from waste). In Minerals & Metals (27% of sales) A-Tec is one of the top secondary copper smelters in Europe. In Drive Technology (12% of sales) A-Tec produces serial and project motors for various industrial applications. The smallest segment, Machine Tools (11% sales share), offers a broader range of automated tools for the engineering industry. It is a declared corporate strategy to pursue an active acquisition policy, concentrating on companies in distress where A-Tec identified a major restructuring potential. In the current environment the company rather focuses on consolidation and integration of recent acquisitions as well as the further restructuring of several units.

Shareholder structure



Strengths/Opportunities

- Order backlog of EUR 2.7 bn gives visibility for 2009e, especially in the Plant Construction division
- Diversified portfolio with broad geographical scope hedges against geographical and industry specific weaknesses
- Energy equipment portfolio is less cyclical and offers long-term growth prospects, especially with environmentally friendly technology
- Favourable copper price development could lead to revaluation gains on inventory
- Current downturn creates room for consolidation and restructuring of all recent acquisitions
- As a company in the industrials sector the share benefits from possible economic recovery

Weaknesses/Threats

- Most acquired companies were distressed when acquired, which increases operational risk profile especially in the current environment
- Further restructuring charges are likely in 2009, especially in Drive Technology
- Gearing is still relatively high with low interest coverage. Refinancing of EUR 90 mn necessary in 2010e
- Lack of track record as listed company and low comparability of historical figures due to numerous acquisitions/divestments
- Dividend distribution to shareholders is inhibited by bond covenants (equity ratio needs to exceed 20%)

Income statement (EUR mn)	12/2008	12/2009e	12/2010e	12/2011e
Consolidated sales	3,256.9	3,003.8	2,845.7	2,979.9
EBITDA	77.3	158.2	124.8	149.8
EBIT	19.4	108.7	74.5	98.1
EBT	-12.3	81.6	18.5	42.4
Net profit bef. min.	-33.7	49.6	13.0	29.7
Net profit after min.	-33.9	48.7	12.1	28.8

Balance sheet				
Total assets	2,752.0	2,739.4	2,689.4	2,772.5
Shareholders' equity	282.7	353.5	365.5	394.4
Goodwill	177.3	177.3	177.3	177.3
NIBD	277.3	186.9	167.8	151.3

Cash flow statement				
Operating cash flow	-57.4	108.1	69.1	76.4
Investing cash flow	206.1	-47.0	-50.0	-60.0
Change NIBD	286.4	90.4	19.1	16.4

Per share data (EUR)	12/2008	12/2009e	12/2010e	12/2011e
EPS pre-goodwill	-1.07	1.84	0.46	1.09
Adj. EPS diluted	-0.96	0.81	0.60	1.07
Operating cash flow	-2.21	4.09	2.62	2.90
Book value	10.71	13.39	13.85	14.94
Dividend	0.00	0.00	0.00	0.00
Payout ratio	0.0%	0.0%	0.0%	0.0%

Valuation (x)				
PE pre-goodwill	-6.2	5.8	23.3	9.8
Adj. PE diluted	-6.9	13.2	17.7	10.0
Price cash flow	-3.0	2.6	4.1	3.7
Price book value	0.6	0.8	0.8	0.7
Dividend yield	0.0%	0.0%	0.0%	0.0%
FCF yield	-102.4%	21.4%	6.7%	5.8%
EV/EBITDA	5.5	2.9	3.6	2.9
EV/EBIT	22.0	4.3	6.0	4.4
EV/operating CF	-7.4	4.3	6.4	5.6

Source: A-Tec, Raiffeisen Centrobank estimates

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Raiffeisen Centrobank's rating and risk classification system:

Risk ratings: indicators of potential price fluctuations are: low, medium, high.
Risk ratings take into account volatility. Fundamental criteria might lead to a change in the risk classification. Also, the classification may change over the course of time.

Investment rating: Investment ratings are based on expected total return within a 12-month period from the date of the initial rating.
Buy: Buy stocks are expected to have a total return of at least 15% (30% for shares with a high volatility risk) and are the most attractive stocks in our coverage universe on a 12 month horizon.
Hold: Hold stocks are expected to deliver a positive total return of up to 15% (30% for shares with a high volatility risk) within a 12-month period.
Reduce: Reduce stocks are expected to achieve a negative total return up to -10% within a 12-month period.
Sell: Sell stocks are expected to post a negative total return of more than -10% within a 12-month period.

Price targets are determined by the fair value derived from a peer group comparison and/or our DCF model. Other fundamental factors (M&A activities, capital markets transactions, share buybacks, sector sentiment etc.) are taken into account as well.

Upon the release of a research paper, investment ratings are determined by the ranges described above. Interim deviations from the above mentioned ranges will not cause a change in the recommendation automatically but will become subject to review.

1. RCB or an affiliated company (individually or together) owns more than 5% of the issued share capital of the issuer.
2. The issuer owns more than 5% of the issued share capital of RCB or an affiliated company.
3. RCB or an affiliated company acts as a market maker (or specialist) or designated sponsor or stabilizing manager of the securities of the issuer.
4. RCB or an affiliated company was a manager or co-manager of a public offering of securities of the issuer within the last 12 months.
5. RCB or an affiliated company has agreed to render (and to receive compensation for) other investment banking services to the issuer within the last 12 months.
6. The analyst owns securities of the issuer analysed by him.
7. The analyst is on the Supervisory Board/Board of Directors of the issuer analysed by him.
8. The analyst has received or acquired securities of the issuer before launch of the public offering of such securities.
9. The remuneration of the analyst is linked to investment banking services rendered by RCB or an affiliated company.

None